



LEA 02	Disclosures: Mandatory	Reason for interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	
Collaborative engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Service provider engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider</p>	

RI TRANSPARENCY REPORT

2017

3i Group plc

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚠	n/a							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Private							✓
PE 02	Typical level of ownership	✓	Private							✓
PE 03	Description of approach to RI	✓	Private	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 09	Encouraging improvements in investees	✓	Private	✓	✓					
PE 10	ESG issues impact in selection process	✓	Private	✓						
PE 11	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 12	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 13	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 14	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 15	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 16	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 17	Examples of ESG issues that affected your PE investments	✓	Private	✓	✓					
PE 18	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 19	Approach to disclosing ESG incidents	✓	Private							✓
PE End	Module confirmation page	✓	-							

3i Group plc

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

287

OO 02.4 Additional information. [Optional]

3i had 287 employees at 30 September 2016.

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04

Mandatory

Public

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

30/09/2016

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		14	900	000	000
Currency	GBP				
Assets in USD		18	970	761	874

OO 04.4

Additional information. [Optional]

as of 30/09/2016. 3i applies and exchange rate at GBP1.0000 = USD1.2984 as at 30 Sep 2016 for USD AUM of 19,346,160,000

OO 06

Mandatory

Public

Descriptive

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1

How you would like to disclose your asset class mix.

as percentage breakdown

as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	>50%	0
Private equity	10-50%	0
Property	0	0

Infrastructure	10-50%	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.2 Publish our asset class mix as per attached image [Optional].

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

Gateway asset class implementation indicators

OO 11	Mandatory	Public	Gateway	General
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OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income – corporate (non-financial)
- Fixed income – securitised
- Private equity
- Infrastructure
- None of the above

3i Group plc

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

other (1) description

IFC Performance Standards

- Other, specify (2)

other (2) description

UK Bribery Act

Other, specify (3)

other (3) description

UK Modern Slavery Act

None of the above

No

SG 01.6 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

3i's detailed Responsible Investment ("RI") policy sets out:

- An exclusion list of businesses/activities in which 3i will not invest
- A referral list of businesses in which 3i may invest subject to additional approval as they are particularly sensitive
- A set of minimum ESG standards that 3i expects its portfolio companies to meet, or to commit to meeting over a reasonable time period.

The RI policy has been fully integrated into our new investment and portfolio management processes, supported by:

- A set of RI procedures that are applied consistently across all of our investment activities
- An external specialist ESG firm conducts a review of all new investment opportunities which progress beyond the initial stage in 3i's investment process and where significant due diligence is commissioned. The specialist produces a written summary report which flags potentially material issues, areas where further diligence is required pre-investment and where further work is required to be incorporated into the 180 day plan for the period immediately post-investment
- Detailed guidance notes covering key sectors and issues, including case studies and information about international standards
- An internal RI portal and in-house resource to support investment teams

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

<http://www.3i.com/~media/Files/G/Group-3i/documents/responsible-investment-policy-18-07-2016.pdf>

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

<http://www.3i.com/~media/Files/G/Group-3i/documents/responsible-investment-policy-18-07-2016.pdf>

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

<http://www.3i.com/~media/Files/G/Group-3i/documents/responsible-investment-policy-18-07-2016.pdf>

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

<http://www.3i.com/~media/Files/G/Group-3i/documents/responsible-investment-policy-18-07-2016.pdf>

- Attachment (will be made public)
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

<http://www.3i.com/~media/Files/G/Group-3i/documents/responsible-investment-policy-18-07-2016.pdf>

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

The overriding principle is that 3i will treat its customers fairly and will not place the interests of one customer above those of another, or its own interests above those of its customers.

3i acts at all times in accordance with the relevant regulated 3i entity's fiduciary position as manager, and applicable FCA/SEC principles and rules around treatment of regulatory customers. 3i will also at all times comply with applicable legal and regulatory requirements.

Set out below are the steps taken to manage a conflict. Appropriate records of the consideration of conflicts will be kept at all stages

1. Conflict of interest identified and information barriers put up as necessary
2. Relevant 3i leadership group member(s) and Group Compliance consider and resolve the conflict, or refer it to the 3i Conflicts Committee if necessary
3. 3i Conflicts Committee acts in a consultative role, advising on how to manage the conflict
4. Where 3i is unable to resolve a conflict fairly, clear disclosure of the conflict will be made to the relevant customer(s) to enable them to take an informed decision. 3i will seek to resolve the conflict in collaboration with the customer(s).

There is a permanent information barrier in operation around 3i Debt Management.

No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2

Additional information. [Optional]

Specific objectives for responsible investment are set and monitored annually.

Governance and human resources

SG 07

Mandatory

Public

Core Assessed

General

SG 07.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify

Business line heads

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)

The 3i Group Risk Committee

Other description (1)

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The 3i Group Board has delegated responsibility for risk management (including the risk management aspects of responsible investment) to the Chief Executive, who established the 3i Group Risk Committee to assist him in managing this responsibility.

The 3i Group Risk Committee is chaired by the Chief Executive and comprises members of the Executive Committee, the Director, Group Compliance and the Director, Internal Audit. The Committee forms a view of the key risks facing the Group and advises the Group Board's Audit & Compliance Committee of its assessment of those risks, any changes in the Group's risk profile and the adequacy of risk mitigation steps put in place by management. The Committee receives reports from the Director, Strategic Implementation on ongoing CSR matters including: the Group's Responsible Investment policy and approach and the management of ESG risks in the investment portfolio; environmental reporting; cyber security; business continuity and any new legal obligations in the CSR area such as ESOS and the Modern Slavery Act

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

SG 08

Voluntary

Public

Additional Assessed

General

SG 08.1

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

- Responsible investment included in personal development and/or training plan

SG 08.2

Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

In the reporting year, members of the 3i Group plc Board of Directors attended selected Private Equity semi-annual Portfolio Company Review meetings, where ESG issues and initiatives as discussed as the first agenda item.

- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Business line heads

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Dedicated responsible investment staff

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

The 3i Group Risk Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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Implementation of the 3i responsible investment policy is a standard objective for every 3i employee in an investment related role. Performance against all objectives is considered in the 3i annual appraisal process, which determines each individual's variable compensation.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

3i is a signatory to the Principles for Responsible Investment.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

3i has submitted data to the Carbon Disclosure Project each year since 2006

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Dow Jones Sustainability Index

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Completion of the annual survey

- Other collaborative organisation/initiative, specify
3i is a member of the FTSE4Good index

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

- No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

3i provided funding for the development of the BVCA's Responsible Investment e-learning course

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
- We do not consider ESG issues in strategic asset allocation

SG 15	Mandatory	Public	Descriptive	General
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SG 15.1 Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Infrastructure	<p>3i's Infrastructure business follows the same approach to Responsible Investment and managing ESG issues as the Private Equity business. Please refer to the Private Equity module for further details.</p> <p>There is one exception to this. In 2013, 3i took over management responsibility for two portfolios of Public Private Partnership ("PPP") investments from Barclays Bank plc. A different approach is taken to portfolio monitoring of these investments due to the large number of PPP projects (over 100) and the fact that many of the underlying projects are very similar in nature (e.g. school buildings, hospitals, roads etc.) Portfolio monitoring is therefore carried out at a portfolio level rather than on an individual project-by-project basis. ESG issues across the PPP portfolio are reviewed and summarised on a quarterly basis, and any more significant issues are monitored in more detail on an asset by asset basis.</p> <p>New PPP investments follow the procedures set out in the Private Equity module.</p> <p>The effective implementation of the 3i RI Policy by the Infrastructure business is monitored internally by the 3i Group Risk Committee, and is subject to review by 3i's Internal Audit team.</p>

SG 15.2 Additional information [Optional].

Please note that 3i completed the sale of its Debt Management Business to Investcorp in March 2017

3i Group plc

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PE 04	Mandatory	Public	Core Assessed	PRI 2
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PE 04.1 Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

PE 04.2 Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

ESG issues are an integral part of 3i's investment and portfolio management procedures which all staff are expected to be familiar with, and which are available to all staff on an internal portal. The procedures outline where, when and how ESG matters must be considered in the investment and portfolio monitoring processes. 3i has a suite of detailed responsible investment guidelines which are available to all 3i staff and which cover the following sectors and ESG issues:

Sectors:

Technology; Social Infrastructure and Healthcare; Business and Financial Services; Consumer Industries; Industrials and Energy;

Specific ESG issues:

Supply Chains and Transport; Environment; Human Rights; Labour Issues; Climate Change

The guidelines were prepared, and are updated, by an external ESG consultant as required. They were last subject to a detailed update in June 2016.

The guidelines underpin the minimum ESG standards set out in 3i's Responsible Investment policy which, in turn, reflect international standards such as the IFC Performance Standards & Guidelines and the ILO Fundamental Conventions.

The guidelines apply throughout 3i's investment process, from initial investment through portfolio monitoring to final exit. The guidelines are aimed at 3i's investment teams but are available to all staff.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Public	Core Assessed	PRI 1,4,6
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PE 05.1 Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes
- No
- Not applicable as our organisation does not fundraise

Pre-investment (selection)

PE 07	Mandatory	Public	Gateway	PRI 1
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PE 07.1	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.
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☉ Yes

PE 07.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.
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The 3i investment selection process can be broken down into three key stages; Early stage, Due diligence and Investment. Consideration of ESG issues occurs at each stage in the investment process to ensure that new investment opportunities meet the minimum standards required of 3i portfolio companies. The process is followed consistently across the Private Equity business, there are no differences in how ESG issues are considered across sectors or geographic regions. ESG is an agenda item at each stage in the investment decision process.

Early Stage

- The opportunity is screened against 3i "exclusion and referral" lists, which identify businesses and activities in which 3i will not invest and those which are particularly sensitive or potentially involve material reputational issues and may necessitate more in-depth due diligence or risk assessment and require approval from 3i's CEO and General Counsel before the opportunity can be progressed
- The deal team provides confirmation that the new opportunity is not covered by the "exclusion and referral" lists

Due diligence

- When a new opportunity reaches an advanced stage in the 3i investment process (typically the point at which 3i commits significant resource and cost to external due diligence), a specialist external ESG advisor completes a high-level review of the opportunity from an ESG perspective. The advisor reviews any relevant documents relating to the target business which are available at that stage (typically information memoranda and vendor due diligence reports), and discusses the business with the 3i investment team. Following this, the adviser produces a written report which highlights any potentially material issues and any areas where further diligence is advised pre-investment, or where further work is advised in the 6 month period immediately following investment
- Any potentially material issues raised by the advisor are discussed during Partner Review meetings and/or at the Investment Committee
- Where 'deep dive' ESG due diligence is advised, the broad objective of this ESG due diligence (in addition to any specific ESG issues identified by the initial high-level review as warranting further more detailed and targeted investigation) is to confirm that the potential investee company complies with all applicable local laws relating to environmental, social, health and safety, extortion, bribery and corruption matters, and that the management can demonstrate that it has the commitment, capacity and track record to effectively identify, monitor and manage the potential ESG risks facing its business

Following 3i's investment

- Where 3i's due diligence has identified actual, material environmental, social or governance risks, 3i may require the company to commit to implementing appropriate measures to mitigate these risks (over a reasonable time frame), including meeting relevant international standards where these are more stringent than applicable local laws. 3i will support the company to do this by developing action plans with appropriate targets, timetables and resources
- Where appropriate, conditions may be included into the legal documents and relevant actions to be addressed in the 180 day plan in respect of ESG issues
- 30 days after investment a formal review is undertaken. This includes current trading and outlook, review of the Board and management and the scope, content and timetable for the 180 day post-investment

action plan. A formal review of the progress of the 180 day plan is then carried out after 90 days and 180 days

No

PE 08	Mandatory	Public	Core Assessed	PRI 1,3
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PE 8.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
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- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

PE 8.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.
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During 2016 we introduced a new process into our PE investment business: a high-level review by an external firm of specialist consultants who review the investment papers prior to extensive due diligence being commissioned. They have a call with the investment team to discuss the business and this is followed up with a written high-level report and summary of potential ESG issues which should be investigated more thoroughly in due diligence or addressed immediately post investment as part of the 180 day plan. If the high-level report identifies potentially material ESG issues which warrant more detailed investigation prior to investment, 3i will engage specialist due diligence providers to carry out this 'deeper dive' due diligence. The key findings of the high-level ESG report are summarised in the body of the investment paper along with the results of any 'deeper dive' ESG due diligence as well as 'risk matrix' document which accompanies the investment paper. The material due diligence issues (including any ESG issues) are considered by the Investment Committee, which may raise questions with the investment team and/or require further work to be done if it sees fit. The full ESG report is also appended to the investment paper.

Post-investment (monitoring)

PE 11	Mandatory	Public	Gateway/Core Assessed	PRI 2
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PE 11.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
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Yes

PE 11.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 11.3

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

- Environmental

List up to three example targets of environmental issues

Does the company have an adequate policy on pollution and greenhouse gas emissions?

Does the company have an adequate policy on waste production?

Does the company have an adequate policy on use of non-renewable natural resources?

- Social

List up to three example targets of social issues

Does the company have an adequate health and safety policy?

Are suppliers subject to independent accreditation?

Does the company have a supplier code of conduct in place? How many suppliers have agreed to it?

- Governance

List up to three example targets of governance issues

Are monthly management accounts circulated within 21 days of the month end?

Does the company have a tested business continuity plan in place?

Does the company have a whistle-blowing policy in place?

- We do not set and/or monitor against targets

- No

PE 11.4

Additional information. [Optional]

ESG issues are considered in the investment monitoring of all portfolio companies across 3i's PE business. Portfolio Company Review ("PCR") meetings are held for each company in 3i's portfolio on a semi-annual basis. This is the key forum to monitor and direct the investment strategy. The objectives of the review process are to:

- Re-evaluate asset investment thesis
- Review company strategy and management
- Review/adjust current fair value
- Conduct exit planning and value forecasting

Attendees of the meeting include:

- 3i Group CEO, CFO or Strategy Director
- 3i Group NXDs
- Chairman
- Nominated partners
- Deal team
- Country head
- Sector executive
- BLN and Banking teams
- PE operations Director and Fund Investor Relations team

ESG is a fixed item on the agenda of these meetings. In advance of the meeting the deal team prepares an ESG questionnaire which highlights any risks or issues which need to be addressed, and records progress against previously identified ESG risks and opportunities. Any material ESG matters are discussed at the PCR and, if relevant, actions are agreed. In the PCR forum, attendees can question and challenge each portfolio company's approach to ESG to ensure consistency and shared best practice across the portfolio.

Ad-hoc PCR meetings are also arranged as required.

PE 12	Mandatory	Public	Core Assessed	PRI 2
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PE 12.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
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- Yes
- No

PE 12.3	Additional information. [Optional]
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All portfolio companies are required to devote appropriate time and attention to ESG risks and opportunities at Board level. However, we do not track the proportion of portfolio companies that have a formal ESG policy in place. Portfolio companies are required to put in place adequate policies, procedures and reporting structures in relation to anti-corruption; business resilience, cyber resilience, health and safety.

Communication

PE 18	Mandatory	Public	Core Assessed	PRI 6
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PE 18.1	Indicate whether your organisation proactively discloses ESG information on your private equity investments.
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- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only

PE 18.5

Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 18.6

Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

PE 18.7

Describe the ESG information and how your organisation proactively discloses it to your clients (LPs)/beneficiaries. [Optional]

3i provides detailed portfolio reporting to LPs on a semi-annual basis, including a two page update on each portfolio company which includes a section on ESG. This section is updated semi-annually with commentary on the key ESG risks and initiatives at every portfolio company in the relevant fund, including at exit. This information is written and updated by the investment teams, covering five key topics:

- Key ESG risks associated with the sector/ environment in which the company operates, and whether this company is impacted by these
- The portfolio company's ESG strategy
- ESG initiatives currently underway, including whether third party advisors have been engaged
- ESG issues in the period
- Any ESG factors relevant to valuation and/or exit

- No proactive disclosure to the public or to clients (LPs)/beneficiaries